

HB 4084: Hypothetical brownfields property tax incentive example

Land value clean: \$200k

Cleanup cost: \$100k

Taxable value with special assessment: \$100k

Improvement value at outset: \$0

Cleanup takes two years (for sake of example, RMV immediately jumps to \$200k at end of year 2)

Building of improvements takes one more year (for sake of example, value appears instantly at end of year 3)

Improvement value: \$500k

Tax rate: 1.5%

Year 1 tax savings: \$0

Year 2: \$0

Years 3-10 tax savings on land: \$1500/year, total \$12,000 (8 x 1500)

Years 4-10 tax savings on improvements: \$7,500/year, total \$52,500 (7 x 7500)

Total tax savings: \$64,500

Notes:

- If the city/county/port offered the option to extend for 5 years in exchange for meeting some locally determined condition, this example would result in full cleanup costs being recovered (each additional year would result in an additional \$9,000 in tax savings on land and improvements)
- Some communities have lower overall tax rates than 1.5%
- If the cleanup were completed later in the period of special assessment, or the improvements built later in the period of exemption, the tax savings would be less
- This example does not take into consideration the effects of Measures 5 and 50